FINANCE LTD

RISK MANAGEMENT POLICY

LEGAL FRAMEWORK:

The Company is prone to inherent business risks. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

This policy is in compliance with the requirements under Securities Exchange Board of India (Listing Obligation Disclosures Requirements) Regulations, 2015 which requires the Company to lay down procedure for risk assessment and procedure for risk minimization.

In accordance with :

Section 134(3)(n) of the Companies Act, 2013 ("the Act"), a company is required to include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

Section 177(4) of the Act states: Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include- (vii) Evaluation of internal financial controls and risk management systems and

SCHEDULE IV of the Act [Section 149(8)] - Code for Independent Directors

II. Role and functions: The independent directors shall:

- help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

Accordingly, to assess, mitigate and manage risk at "QGO Finance Limited" (hereinafter referred to as the "**Company**"), the Company has formed the policy (the "**Risk Management Policy**") for the same.

INTRODUCTION:

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

APPLICABILITY:

This policy applies to all areas of the Company's operations.

OBJECTIVE & PURPOSE OF POLICY:

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. This Risk Management Policy is being applied in order to ensure that effective management of risks is an integral part of every employee's job and to ensure sustainable business growth with stability and to promote a structured and disciplined approach in reporting, evaluating and resolving the risks associated with the Company's business.

THE SPECIFIC OBJECTIVES OF THE RISK MANAGEMENT POLICY ARE:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e to ensure adequate systems for risk management.

2. To identify internal and external risks faced by the Company including financial, operational, sectorial, sustainability, information, cyber security risks or any other risk as may be identified;

3. To establish a framework for the company's risk management process and to ensure its implementation.

4. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

5. To assure business growth with financial stability.

6. Protecting and enhancing assets and Company's image;

7. Preparing risk mitigation plans by setting up systems and processes for internal control of identified risks;

8. Reducing volatility in various areas of the business by developing and supporting people and knowledge base of the organization;

9. Optimizing operational efficiency by anticipating and responding to the changing economic, social,political, technological, legal and environmental conditions in the external environment.

DEFINITIONS :

In this Policy, unless the context otherwise requires:

"**Audit Committee or Committee**" means the audit committee of board of directors of the Company constituted in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations").

"**Board of Directors**" or "**Board**" in relation to the Company, means the collective Body of Directors of the Company (including a committee of directors of the Company duly authorized by the Board).

"**Company**" means "QGO Finance Limited, a company constituted under the provisions of Companies Act, 2013.

"**Policy**" means this Risk Management Policy as may be amended or supplemented from time to time.

"SEBI" means the Securities and Exchange Board of India.

"SEBI Act" means the Securities and Exchange Board of India Act, 1992.

"Risk Assessment" means the systematic process of identifying and analysing risks. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

"Risk Management" means the systematic way of protecting business resources and income against losses so that the objectives of the Company can be achieved without unnecessary interruption.

"Risk Management Process" means the systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

ROLE OF THE BOARD:

The Board will undertake the following actions to ensure risk is managed appropriately :

1. The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;

2. Ensure that the appropriate systems for risk management are in place;

3. The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;

4. Participate in major decisions affecting the organization's risk profile;

5. Have an awareness of and continually monitor the management of strategic risks;

6. Be satisfied that processes and controls are in place for managing less significant risks;

7. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;

8. Ensure risk management is integrated into board reporting and annual reporting mechanisms;

9. Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible;

10. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

11. Ensuring compliance with regulatory requirements and best practices with respect to risk management.

RISK MANAGEMENT PROCEDURES

1. General

Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

2. Risk Identification

The purpose of Risk identification is to identify internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee and identify all other events that can have an adverse impact on the achievement of the business objectives. All Risks identified are documented in the form of a Risk Register. Risk Register incorporates risk description, category, classification, mitigation plan, responsible function / department.

The Company majorly focuses on the following types of material risks:

- Business risk;
- technological risks;
- strategic business risks;
- operational risks;
- quality risk;
- competition risk;
- realization risk;
- cost risk;
- financial risks;
- human resource risks; and
- legal/regulatory risks

3. Risk Assessment

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

A. Impact if the event occurs

B. Likelihood of event occurrence

Risk Categories: It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as – low, medium and high.

4. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plan:

a) Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

b) Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / Insurance.

c) Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.

d) Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

DISCLOSURE IN BOARD'S REPORT:

Board of Directors shall include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

REVIEW AND AMENDMENT:

The policy shall be reviewed and amended by the Board from time to time in line with any amendments as may be necessary. Any change in the Policy shall be approved by the board of directors ("**Board**") of the Company. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

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